

STATE OF NEW YORK

6008

2023-2024 Regular Sessions

IN ASSEMBLY

March 30, 2023

Introduced by M. of A. CARROLL -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to adding a surcharge on online delivery transactions within the city of New York

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The tax law is amended by adding a new article 30-C to read as follows:

ARTICLE 30-C

DELIVERY SURCHARGE

Section 1350. Definitions.

1351. Imposition of tax.

1352. Liability for surcharge.

1353. Registration.

1354. Returns and payment of surcharge.

1355. Records to be kept.

1356. Secrecy of returns and reports.

1357. Practice and procedure.

1358. Deposit and disposition of revenue.

1359. Cooperation by regulatory agencies.

§ 1350. Definitions. (a) "Person" means an individual, partnership, limited liability company, society, association, joint stock company, corporation, estate, receiver, trustee, assignee, referee or any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, any combination of individuals and any other form of unincorporated enterprise owned or conducted by two or more persons.

(b) "Delivery transaction" means a transaction that results in the delivery of any item purchased online to the purchaser.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

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1 (c) "Purchaser" means the person receiving the item in the delivery
2 transaction.

3 § 1351. Imposition of tax. In addition to any other tax or assessment
4 imposed by this chapter or other law, there is hereby imposed, beginning
5 on January first, two thousand twenty-five, a surcharge on all delivery
6 transactions of three dollars for each delivery transaction where the
7 delivery is made within the city of New York, except for deliveries of:

8 (a) drugs and medicines intended for use, internally or externally, in
9 the cure, mitigation, treatment or prevention of illnesses or disease in
10 human beings, medical equipment, including component parts thereof, and
11 supplies required for such use or to correct or alleviate physical inca-
12 capacity, and products consumed by humans for the preservation of health
13 but not including cosmetics or toilet articles notwithstanding the pres-
14 ence of medicinal ingredients therein or medical equipment, including
15 component parts thereof, and supplies, other than such drugs and medi-
16 cines, purchased at retail for use in performing medical and similar
17 services for compensation, as such terms are defined in paragraph three
18 of subdivision (a) of section eleven hundred fifteen of this chapter; or

19 (b) diapers intended for human use including, but not limited to:
20 disposable, reusable, adult, and children's diapers, as such terms are
21 defined in paragraph thirty-a of subdivision (a) of section eleven
22 hundred fifteen of this chapter; or

23 (c) baby formula intended for feeding infants; or

24 (d) any food or food products.

25 § 1352. Liability for surcharge. (a) Notwithstanding any provision of
26 law to the contrary, any person that sells by any means any item to be
27 delivered within the city of New York is subject to a surcharge imposed
28 by this article shall be liable for the surcharge imposed by this arti-
29 cle.

30 (b) Notwithstanding any law to the contrary, the surcharge imposed by
31 this article shall be passed along to the purchaser and separately stat-
32 ed on any receipt that is provided to such passenger. The passing along
33 of such surcharge shall not be construed by any court or administrative
34 body as the imposition of the surcharge on the person or entity that
35 pays for the delivery transaction.

36 (c) Notwithstanding any law to the contrary, the surcharge imposed by
37 this article shall not apply to any purchaser using the supplemental
38 nutrition assistance program, special supplemental nutrition program for
39 women, infants and children, or any successor programs as full or
40 partial payment for the items purchased where all items purchased in the
41 delivery transaction are purchasable using such programs.

42 § 1353. Registration. (a) Every person liable for the surcharge
43 imposed by this article shall file with the commissioner a properly
44 completed application for a certificate of registration, in a form
45 prescribed by the commissioner. Such application shall be accompanied by
46 a fee of one dollar and fifty cents, and shall set forth the name and
47 address of the registrant, and any other information that the commis-
48 sioner may require. Notwithstanding the foregoing, any person liable for
49 a surcharge imposed by this article that will incur such liability no
50 more than one time in any single calendar month shall not be subject to
51 the provisions of this paragraph.

52 (b) Except as otherwise provided in this section, the commissioner
53 shall issue a certificate of registration to each person that applies
54 for one for a specified term of not less than three years. Any certif-
55 icate of registration referred to in this paragraph shall be subject to
56 renewal in accordance with rules promulgated by the commissioner, and

1 upon the payment of a fee of one dollar and fifty cents. Whether or not
2 such certificate of registration is issued for a specified term, it
3 shall be subject to suspension or revocation as provided for in this
4 section. Each certificate shall state the registrant and the regis-
5 trant's taxpayer ID number it is applicable to. Certificates of regis-
6 tration issued pursuant to this article shall be non-assignable and
7 non-transferable, and shall be surrendered to the commissioner imme-
8 diately upon the registrant's ceasing to do business at the address
9 provided in its application, unless the registrant amends its certif-
10 icate of registration in accordance with rules promulgated by the
11 commissioner. All registrants must notify the commissioner of changes
12 to any of the information stated on their certificate of registration,
13 including vehicle changes, if any, on a calendar quarterly basis, and
14 shall amend their certificates of registration accordingly.

15 (c) (1) The commissioner may refuse to issue a certificate of regis-
16 tration to a person, or may suspend or revoke a certificate of registra-
17 tion that was issued to a person, pursuant to this section upon finding
18 that: (i) such person failed to pay any monies that are finally deter-
19 mined to be due for any tax or imposition that is administered by the
20 commissioner; (ii) such person failed to file any report or return that
21 is due from it under this chapter; (iii) such person willfully filed a
22 false report, return or other document due under this chapter; (iv) such
23 person willfully violated any provisions of this article, or any rule or
24 regulation of the commissioner promulgated under this article; or (v) a
25 certificate of registration issued pursuant to this section to such
26 person, or to any business or entity under control of such person, or
27 that is subject to substantially the same ownership, direction or
28 control of such person, that has been revoked or suspended within one
29 year from the date on which a certificate of registration is filed.

30 (2) A notice of proposed revocation, suspension or refusal to issue
31 shall be given to the person that applies for a certificate of registra-
32 tion pursuant to this section in the manner prescribed for a notice of
33 deficiency in subsection (a) of section one thousand eighty-one of this
34 chapter, and except as otherwise provided herein, all the provisions of
35 article twenty-seven of this chapter applicable to a notice of deficien-
36 cy shall apply to a notice issued pursuant to this paragraph, insofar as
37 such provisions can be made applicable to such notice, and with such
38 modifications as may be necessary in order to adapt the language of such
39 provisions to the notice authorized by this paragraph. All notices of
40 proposed revocation, suspension or refusal to issue shall contain a
41 statement advising the person to whom it is issued that the suspension,
42 revocation or refusal to issue may be challenged through a hearing proc-
43 ess and that the petition for such challenge must be filed with the
44 division of tax appeals within ninety days after the giving of such
45 notice.

46 (3) In the case of a proposed revocation or suspension, notice of
47 such must be given to a person within three years from the date of the
48 act or omission described in paragraph one of this subdivision, except
49 that in the case of acts involving falsity or fraud, such notice may be
50 issued at any time.

51 (4) In any of the foregoing instances where the commissioner may
52 suspend or revoke or refuse to issue a certificate of registration, the
53 commissioner may condition the retention or issuance of a certificate of
54 registration upon the filing of a bond or the deposit of tax in the
55 manner provided in paragraph two or three of subdivision (e) of section
56 eleven hundred thirty-seven of this chapter.

(d) If the commissioner considers it necessary for the proper administration of the surcharge imposed by this article, he or she may require every person who holds a certificate of registration issued pursuant to this section to apply for a new certificate of registration in such form and at such time as the commissioner may prescribe, and to surrender each previously issued certificate of registration. The commissioner may require such filing and such surrender not more often than once every three years. Upon the filing of an application for a new certificate of registration and the surrender of all previous such certificates, the commissioner shall issue, within such time as the commissioner may prescribe, a new certificate of registration, without charge, to each registrant.

§ 1354. Returns and payment of surcharge. (a) Every person liable for the surcharge imposed by this article shall file a return with the commissioner on a monthly basis. Each return shall show the number of delivery transactions completed subject to the surcharge imposed by this article in the month for which the return is filed, along with such other information as the commissioner may require. The returns required by this section shall be filed within twenty days after the end of the month covered thereby. If the commissioner deems it necessary to ensure the payment of the surcharge imposed by this article, he or she may require returns to be made for shorter periods than prescribed by the foregoing provisions of this section, and upon such dates as may be specified. The form of returns shall be prescribed by the commissioner and shall contain such information as the commissioner may deem necessary for the proper administration of this article. The commissioner may require that returns be filed electronically.

(b) Every person liable for the surcharge imposed by this article shall, at the time of filing such return, pay to the commissioner the total amount of all surcharges due under this article. Such amount shall be due and payable on the date specified for the filing of the return for such period, without regard to whether a return is filed, or whether the return that is filed correctly shows the correct number of delivery transactions are subject to the surcharge, or the correct surcharge amount due thereon. The commissioner may require that the surcharge be paid electronically.

(c) In addition to any other penalty or interest provided for under this article or other law, and unless it is shown that such failure is due to reasonable cause and not due to willful neglect, any person liable for the surcharge imposed by this article that fails to pay such surcharge when due shall be liable for a penalty in an amount equal to two hundred percent of the total surcharge amount that is due.

§ 1355. Records to be kept. Every person liable for the surcharge imposed by this article shall keep, and shall make available for review upon demand by the commissioner:

(a) records of delivery transaction completed by such person, including all amounts paid, charged or due thereon, in such form as the commissioner may require;

(b) true and complete copies of any records required to be kept by any applicable regulatory department or agency; and

(c) such other records and information as the commissioner may require to perform his or her duties under this article.

§ 1356. Secrecy of returns and reports. (a) Except in accordance with proper judicial order or as otherwise provided by law, it shall be unlawful for the commissioner, any officer or employee of the department, any person engaged or retained by the department on an independent

1 contract basis, or any person who in any manner may acquire knowledge of
2 the contents of a return or report filed with the commissioner pursuant
3 to this article, to divulge or make known in any manner any particulars
4 set forth or disclosed in any such return or report. The officers
5 charged with the custody of such returns and reports shall not be
6 required to produce any of them or evidence of anything contained in
7 them in any action or proceeding in any court, except on behalf of the
8 commissioner in an action or proceeding under the provisions of this
9 chapter, or in any other action or proceeding involving the collection
10 of a tax due under this chapter to which the state, the commissioner or
11 an agency that is authorized to permit or regulate the provision of any
12 relevant transportation is a party or a claimant, or on behalf of any
13 party to any action, proceeding or hearing under the provisions of this
14 article, when the returns or the reports or the facts shown thereby are
15 directly involved in such action, proceeding or hearing, in any of which
16 events the court, or in the case of a hearing, the division of tax
17 appeals, may require the production of, and may admit in evidence so
18 much of said returns or reports or of the facts shown thereby as are
19 pertinent to the action or proceeding and no more. Nothing herein shall
20 be construed, however, to prohibit the commissioner, in his or her
21 discretion, from allowing the inspection or delivery of a certified copy
22 of any return or report filed under this article, or from providing any
23 information contained in any such return or report, by or to a duly
24 authorized officer or employee of the comptroller; nor to prohibit the
25 inspection or delivery of a certified copy of any return or report filed
26 under this article, or the provision of any information contained there-
27 in, by or to the attorney general or other legal representatives of the
28 state when an action shall have been recommended or commenced pursuant
29 to this chapter in which such returns or reports or the facts shown
30 thereby are directly involved; nor to prohibit the commissioner from
31 providing or certifying to the division of budget or the comptroller the
32 total number of returns or reports filed under this article in any
33 reporting period and the total collections received therefrom; nor to
34 prohibit the delivery to a person liable for the surcharge imposed by
35 this article, or a duly authorized representative of such, a certified
36 copy of any return or report filed by such person pursuant to this arti-
37 cle, nor to prohibit the publication of statistics so classified as to
38 prevent the identification of particular returns or reports and the
39 items thereof; nor to prohibit the disclosure, in such manner as the
40 commissioner deems appropriate, of the names and other appropriate iden-
41 tifying information of those persons required to pay the surcharge
42 imposed by this article.

43 (b) Notwithstanding the provisions of subdivision (a) of this section,
44 the commissioner may permit the secretary of the treasury of the United
45 States or such secretary's delegate, or the authorized representative of
46 either such officer, to inspect any return filed under this article, or
47 may furnish to such officer of such officer's authorized representative
48 an abstract of any such return or supply such person with information
49 concerning an item contained in any such return, or disclosed by any
50 investigation of liability under this article, but such permission shall
51 be granted or such information furnished only if the laws of the United
52 States grant substantially similar privileges to the commissioner or
53 officer of this state charged with the administration of the surcharge
54 imposed by this article, and only if such information is to be used for
55 purposes of tax administration only; and provided further the commis-
56 sioner may furnish to the commissioner of internal revenue or such

1 commissioner's authorized representative such returns filed under this
2 article and other tax information, as such commissioner may consider
3 proper, for use in court actions or proceedings under the internal
4 revenue code, whether civil or criminal, where a written request there-
5 for has been made to the commissioner by the secretary of the treasury
6 of the United States or such secretary's delegate, provided the laws of
7 the United States grant substantially similar powers to the secretary of
8 the treasury of the United States or his or her delegate. Where the
9 commissioner has so authorized use of returns and other information in
10 such actions or proceedings, officers and employees of the department
11 may testify in such actions or proceedings in respect to such returns or
12 other information.

13 (c)(1) Any officer or employer of the state who willfully violates the
14 provisions of subdivision (a) of this section shall be dismissed from
15 office and be incapable of holding any public office for a period of
16 five years thereafter.

17 (2) Cross-reference: For criminal penalties, see article thirty-seven
18 of this chapter.

19 § 1357. Practice and procedure. The provisions of article twenty-seven
20 of this chapter shall apply with respect to the administration of and
21 procedure with respect to the surcharge imposed by this article in the
22 same manner and with the same force and effect as if the language of
23 such article twenty-seven had been incorporated in full into this arti-
24 cle and had expressly referred to the surcharge imposed by this article,
25 except to the extent that any such provision is either inconsistent with
26 a provision of this article or is not relevant to this article.

27 § 1358. Deposit and disposition of revenue. Any surcharge, interest,
28 and penalties collected or received by the commissioner under this arti-
29 cle shall be daily remitted to the general transportation account of the
30 New York city transportation assistance fund established by section
31 twelve hundred seventy-i of the public authorities law for the purposes
32 of funding the operating costs of buses and subways within the city of
33 New York.

34 § 1359. Cooperation by regulatory agencies. All regulatory agencies
35 shall cooperate with and assist the commissioner to effectuate the
36 purposes of this article and the commissioner's responsibilities here-
37 under. Such cooperation shall also include furnishing to the commission-
38 er all written, computerized, automated or electronic records in the
39 regulatory agency's possession, or in the possession of any of its
40 agents, instrumentalities, contractors, or any other person authorized
41 or required to obtain or possess such records or information, that
42 account for any person or entity liable under this article. Such infor-
43 mation shall be provided to the commissioner without cost, and in a
44 format prescribed by the commissioner.

45 § 2. This act shall take effect on the first of January next succeed-
46 ing the date upon which it shall have become a law. Effective immediate-
47 ly, the addition, amendment and/or repeal of any rule or regulation
48 necessary for the implementation of this act on its effective date are
49 authorized to be made and completed on or before such date.